

BENTON COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2013

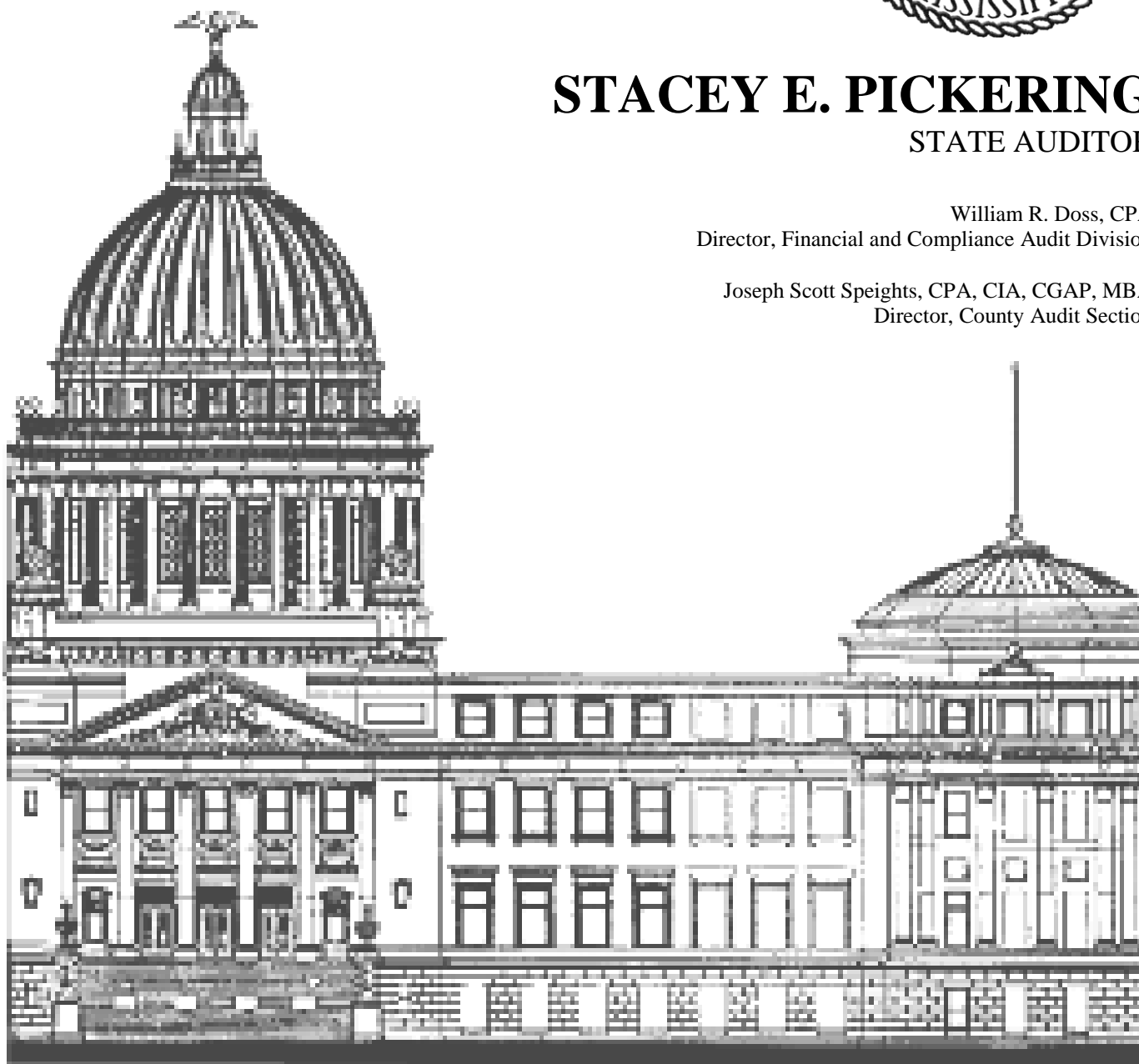


STACEY E. PICKERING

STATE AUDITOR

William R. Doss, CPA
Director, Financial and Compliance Audit Division

Joseph Scott Speights, CPA, CIA, CGAP, MBA
Director, County Audit Section



A Report from the County Audit Section

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR

July 11, 2014

Members of the Board of Supervisors
Benton County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2013 financial and compliance audit report for County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Benton County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Benton County. If I or this office can be of any further assistance, please contact me or J. Scott Speights of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering
State Auditor

BENTON COUNTY

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BENTON COUNTY

FINANCIAL SECTION

BENTON COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Benton County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Benton County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the county's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Benton County, Mississippi, as of September 30, 2013, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes that, Benton County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

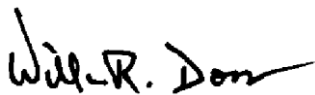
Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Benton County, Mississippi's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Budgetary Comparison Schedules, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basis financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2014, on our consideration of Benton County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benton County, Mississippi's internal control over financial reporting and compliance.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

July 11, 2014

BENTON COUNTY

FINANCIAL STATEMENTS

BENTON COUNTY

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BENTON COUNTY
Statement of Net Position - Cash Basis
September 30, 2013

Exhibit 1

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash	\$ <u>5,115,736</u>
Total Assets	<u>5,115,736</u>
NET POSITION	
Restricted:	
Expendable:	
General government	148,415
Public safety	151,532
Public works	1,830,964
Unrestricted	<u>2,984,825</u>
Total Net Position	\$ <u>5,115,736</u>

The notes to the financial statements are an integral part of this statement.

BENTON COUNTY
Statement of Activities- Cash Basis
For the Year Ended September 30, 2013

Exhibit 2

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 2,036,332	216,937	15,027		(1,804,368)
Public safety	1,283,461	211,044			(1,072,417)
Public works	1,839,846	10	533,715	144,734	(1,161,387)
Health and welfare	71,638		42,474		(29,164)
Culture and recreation	101,899			8,512	(93,387)
Education	1,518,574				(1,518,574)
Conservation of natural resources	55,652		38,685	299,009	282,042
Economic development and assistance	222,250		191,874	5,187	(25,189)
Debt service:					
Principal	361,043				(361,043)
Interest	21,726				(21,726)
Total Governmental Activities	<u>7,512,421</u>	<u>427,991</u>	<u>821,775</u>	<u>457,442</u>	<u>(5,805,213)</u>
General receipts:					
Property taxes				\$	2,151,027
Road & bridge privilege taxes					104,343
Grants and contributions not restricted to specific programs					123,989
Unrestricted interest income					31,766
Miscellaneous					83,692
Lieu tax - TVA					4,074,740
Proceeds from debt issuance					86,509
Sale of county property					47,759
Compensation for loss of county property					5,212
Lease principal payments					62,249
Total General Receipts and Other Cash					<u>6,771,286</u>
Sources					<u>966,073</u>
Changes in Net Position					<u>4,149,663</u>
Net Position - Beginning					<u>4,149,663</u>
Net Position - Ending				\$	<u>5,115,736</u>

The notes to the financial statements are an integral part of this statement.

BENTON COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2013

Exhibit 3

	Major Funds			
	General	Road & Bridge	Other	Total
	Fund	Maintenance	Governmental	Governmental
	Fund	Fund	Funds	Funds
ASSETS				
Cash	\$ 2,984,825	1,769,491	361,420	5,115,736
Total Assets	\$ 2,984,825	1,769,491	361,420	5,115,736
FUND BALANCES				
Restricted for:				
General government			148,415	148,415
Public safety			151,532	151,532
Public works		1,769,491	61,473	1,830,964
Committed to:				
Economic development and assistance	1,589,039			1,589,039
Unassigned	1,395,786			1,395,786
Total Fund Balances	\$ 2,984,825	1,769,491	361,420	5,115,736

The notes to the financial statements are an integral part of this statement.

BENTON COUNTY

Exhibit 4

Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
 Governmental Funds
 For the Year Ended September 30, 2013

	Major Funds			
	General Fund	Road & Bridge Maintenance Fund	Other Governmental Funds	Total Governmental Funds
RECEIPTS				
Property taxes	\$ 1,634,794	270,723	245,510	2,151,027
Road and bridge privilege taxes		104,343		104,343
Licenses, commissions and other receipts	118,734		2,322	121,056
Fines and forfeitures	107,736		123,773	231,509
Lieu tax TVA	4,074,740			4,074,740
Intergovernmental receipts	444,825	700,947	257,434	1,403,206
Charges for services	7,500		67,926	75,426
Interest income	25,592	4,759	1,415	31,766
Miscellaneous receipts	46,174	6,506	31,012	83,692
Total Receipts	6,460,095	1,087,278	729,392	8,276,765
DISBURSEMENTS				
General government	1,976,849		59,483	2,036,332
Public safety	1,027,411		256,050	1,283,461
Public works		1,534,602	305,244	1,839,846
Health and welfare	71,638			71,638
Culture and recreation	101,899			101,899
Education	1,518,574			1,518,574
Conservation of natural resources	55,652			55,652
Economic development and assistance	3,500		218,750	222,250
Debt service:				
Principal	217,353	116,250	27,440	361,043
Interest	11,876	7,588	2,262	21,726
Total Disbursements	4,984,752	1,658,440	869,229	7,512,421
Excess (Deficiency) of Receipts over Disbursements	1,475,343	(571,162)	(139,837)	764,344
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance	9,095	77,414		86,509
Sale of county property	600	42,203	4,956	47,759
Compensation for loss of county property	3,931	1,281		5,212
Transfers in	225,291	926,183	328,552	1,480,026
Transfers out	(1,254,735)	(33,417)	(191,874)	(1,480,026)
Lease principal payments	62,249			62,249
Total Other Cash Sources and Uses	(953,569)	1,013,664	141,634	201,729
Excess (Deficiency) of Receipts and other Cash Sources over Disbursements and other Cash Uses	521,774	442,502	1,797	966,073
Cash Basis Fund Balances - Beginning	2,463,051	1,326,989	359,623	4,149,663
Cash Basis Fund Balances - Ending	\$ 2,984,825	1,769,491	361,420	5,115,736

The notes to the financial statements are an integral part of this statement.

BENTON COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2013

Exhibit 5

		Agency Funds
ASSETS		
Cash	\$	23,752
Total Assets	\$	23,752
LIABILITIES		
Amounts held in custody for others	\$	23,752
Total Liabilities	\$	23,752

The notes to the financial statements are an integral part of this statement.

BENTON COUNTY

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BENTON COUNTY

Notes to Financial Statements For the Year Ended September 13, 2013

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Benton County is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Benton County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County. There are no outside organizations that should be included as component units of the County's reporting entity.

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other nonexchange receipts.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

BENTON COUNTY

Notes to Financial Statements For the Year Ended September 13, 2013

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund equity, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column as Other Governmental Funds.

C. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Road and Bridge Maintenance Fund - This fund is used to account for monies from specific sources that are restricted for road and bridge maintenance.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPE

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

D. Account Classifications.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

E. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

BENTON COUNTY

Notes to Financial Statements For the Year Ended September 13, 2013

Cash includes cash on hand, demand deposits, and all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

F. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of “restricted.”

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. The following are descriptions of fund classifications used by the County:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for specific purposes pursuant to constraints imposed by a formal action of the Board of Supervisors, the County’s highest level of decision-making authority. This formal action is an order of the Board of Supervisors as approved in the board minutes.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County’s general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County’s general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

G. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

BENTON COUNTY

Notes to Financial Statements For the Year Ended September 13, 2013

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

(2) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2013, was \$5,139,488, and the bank balance was \$5,304,963. The collateral for public entities' deposits' in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. However, the Mississippi State Treasurer manages that risk on behalf of the County. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(3) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2013:

Transfers In/Out:

Transfer In	Transfer Out	Amount
General Fund	Road & Bridge Maintenance Fund	\$ 33,417
General Fund	Other Governmental Funds	191,874
Road & Bridge Maintenance Fund	General Fund	926,183
Other Governmental Funds	General Fund	328,552
Total		<u>\$ 1,480,026</u>

The purpose of interfund transfers was to distribute lieu taxes, cover operating expenses and to correct prior year posting errors. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

(4) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2013, to January 1, 2014. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

BENTON COUNTY

Notes to Financial Statements For the Year Ended September 13, 2013

(5) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(6) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

The Northeast Mental Health-Mental Retardation Commission operates in a district composed of the Counties of Benton, Chickasaw, Itawamba, Lee, Monroe, Pontotoc and Union. The Benton County Board of Supervisors appoints one of the seven members of the Board of Commissioners. The County contributed \$9,668 for the maintenance and support of the commission in fiscal year 2013.

The Northeast Mississippi Planning and Development District operates in a district composed of the Counties of Alcorn, Benton, Marshall, Prentiss, Tippah and Tishomingo. The Benton County Board of Supervisors appoints four of the 24 members of the board of directors. The County contributed \$3,000 for the maintenance and support of the district in fiscal year 2013.

Northwest Mississippi Community College operates in a district composed of the counties of Benton, Calhoun, Desoto, Lafayette, Marshall, Panola, Quitman, Tallahatchie, Tate, Tunica and Yalobusha. The Benton County Board of Supervisors appoints two of the 23 members of the college board of trustees. The County contributed \$93,379 for the maintenance and support of the college in fiscal year 2013.

The Northeast Mississippi Regional Solid Waste Authority provides solid waste services to the Counties of Benton, Prentiss and Tippah, along with the Cities of Ashland, Booneville, and Ripley. Currently, Benton County does not receive any direct services from the authority, but rather contracts with a private firm for the collection of solid waste. The authority prepared a five-year solid waste plan for the County. Each member of the authority appoints one member of the six-member commission. The County did not contribute any funds to the authority in fiscal year 2013.

The United Community Action Commission, Inc. was created as a nonprofit organization pursuant to federal community action legislation in the mid-1960s. The commission is governed by a 21-member board, seven of whom are appointed by the Benton County Board of Supervisors. Most of the commission's operating revenue come from federal sources. The County contributed \$15,000 to the commission in fiscal year 2013.

(7) Defined Benefit Pension Plan.

Plan Description. Benton County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

BENTON COUNTY

Notes to Financial Statements For the Year Ended September 13, 2013

Funding Policy. At September 30, 2013, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2013 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2013, 2012 and 2011 were \$227,644, \$199,875 and \$169,162, respectively, equal to the required contributions for each year.

BENTON COUNTY

SUPPLEMENTAL INFORMATION

BENTON COUNTY

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BENTON COUNTY
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2013

Federal Grantor/ Pass-through Grantor/ Program Title or Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture/Passed-through the State of Mississippi Treasury Department Schools and roads - grants to states*	10.665	N/A	\$ <u>284,062</u>
U.S. Department of Housing and Urban Development/ Passed-through the Mississippi Development Authority Home investment partnerships program*	14.239	M10-SG-280-10991	<u>218,750</u>
U.S. Department of Transportation/Federal Highway Administration Passed-through the Mississippi Department of Transportation Highway planning and construction	20.205	N/A	<u>23,443</u>
U.S. Department of Homeland Security/ Passed-through the Mississippi Emergency Management Agency Disaster grants-public assistance (presidentially declared disasters)	97.036	FEMA-1972-DR-MS	19,660
Emergency management performance grants	97.042	12EMPL00	<u>4,622</u>
Total U.S. Department of Homeland Security			<u>24,282</u>
Total Expenditures of Federal Awards			\$ <u><u>550,537</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.

* Denotes major federal award program

BENTON COUNTY

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BENTON COUNTY

OTHER INFORMATION

BENTON COUNTY

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BENTON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2013
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 7,109	1,634,794	1,634,794	
Licenses, commissions and other receipts	123,973	118,734	118,734	
Fines and forfeitures	125,003	107,736	107,736	
Lieu tax - TVA		4,074,740	4,074,740	
Intergovernmental revenues	4,596,569	444,825	444,825	
Charges for services		7,500	7,500	
Interest income	4,009	25,592	25,592	
Miscellaneous revenue	5,793	46,174	46,174	
Total Receipts	<u>4,862,456</u>	<u>6,460,095</u>	<u>6,460,095</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	3,520,328	1,976,849	1,976,849	
Public safety	1,060,841	1,027,411	1,027,411	
Health and welfare	105,570	71,638	71,638	
Culture and recreation	99,380	101,899	101,899	
Education	1,539,239	1,518,574	1,518,574	
Conservation of natural resources	56,841	55,652	55,652	
Economic development and assistance	7,000	3,500	3,500	
Debt Service:				
Principal	107,177	217,353	217,353	
Interest		11,876	11,876	
Total Disbursements	<u>6,496,376</u>	<u>4,984,752</u>	<u>4,984,752</u>	<u>0</u>
Excess of Receipts over (under) Disbursements	<u>(1,633,920)</u>	<u>1,475,343</u>	<u>1,475,343</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance		9,095	9,095	
Sale of county property		600	600	
Compensation for loss of county property		3,931	3,931	
Transfers in		225,291	225,291	
Transfers out		(1,254,735)	(1,254,735)	
Lease principal payments		62,249	62,249	
Total Other Cash Sources and Uses	<u>0</u>	<u>(953,569)</u>	<u>(953,569)</u>	<u>0</u>
Net Change in Fund Balance	(1,633,920)	521,774	521,774	
Fund Balances - Beginning	<u>(464,319)</u>	<u>1,751,348</u>	<u>2,463,051</u>	<u>711,703</u>
Fund Balances - Ending	<u>\$ (2,098,239)</u>	<u>2,273,122</u>	<u>2,984,825</u>	<u>711,703</u>

The accompanying notes to the Other Information are an integral part of this statement.

BENTON COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 Road and Bridge Maintenance Fund
 For the Year Ended September 30, 2013
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$	270,723	270,723	
Road and bridge privilege taxes	124,070	104,343	104,343	
Intergovernmental revenues	816,618	700,947	700,947	
Interest income	3,007	4,759	4,759	
Licenses, commissions, and other revenues	23,844			
Miscellaneous revenue	2,450	6,506	6,506	
Total Receipts	969,989	1,087,278	1,087,278	0
DISBURSEMENTS				
Current:				
Public works	1,220,200	1,534,602	1,534,602	
Debt Service:				
Principal	119,900	116,250	116,250	
Interest expense		7,588	7,588	
Total Disbursements	1,340,100	1,658,440	1,658,440	0
Excess of Receipts over (under) Disbursements	(370,111)	(571,162)	(571,162)	0
OTHER CASH SOURCES (USES)				
Long-term debt issued		77,414	77,414	
Proceeds from sale of capital assets		42,203	42,203	
Compensation for loss of county property		1,281	1,281	
Transfers in		926,183	926,183	
Transfers out		(33,417)	(33,417)	
Special items	926,927			
Total Other Cash Sources and Uses	926,927	1,013,664	1,013,664	0
Net Change in Fund Balance	556,816	442,502	442,502	
Fund Balances - Beginning	(182,194)	1,142,564	1,326,989	184,425
Fund Balances - Ending	\$ 374,622	1,585,066	1,769,491	184,425

The accompanying notes to the Other Information are an integral part of this statement.

BENTON COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2013
UNAUDITED

Governmental activities:

	Balance Oct. 1, 2012	Additions	Deletions	Adjustments *	Balance Sept. 30, 2013
Land	\$ 57,880				57,880
Construction in progress	1,791,811	56,397		(1,610,087)	238,121
Infrastructure	7,051,415			1,844,262	8,895,677
Buildings	2,553,437				2,553,437
Improvements other than buildings	405,346	169,451			574,797
Mobile equipment	3,339,600	235,612	204,812		3,370,400
Furniture and equipment	500,860	69,121	57,406	55,033	567,608
Leased property under capital leases	535,606	106,645			642,251
Total capital assets	\$ 16,235,955	637,226	262,218	289,208	16,900,171

* Adjustments represent the correction of prior period errors and to reclassify completed construction to infrastructure.

Benton County
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2013
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2013:

<u>Description and Purpose</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Oct. 1, 2012</u>	<u>Issued</u>	<u>Principal Payments</u>	<u>Balance Sept. 30, 2013</u>
Governmental Activities:							
A. Capital Leases:							
Caterpillar excavator	11/2008	11/2013	3.15%	\$ 26,886		22,985	3,901
John Deere tractor & machete	04/2010	04/2014	3.20%	37,972		23,758	14,214
John Deere tractor & sprayer	10/2009	10/2013	3.20%	11,562		10,658	904
John Deere motor grader	08/2012	08/2017	2.18%	180,590		35,181	145,409
District 1 John Deere tractor	08/2012	08/2017	2.19%	37,375		7,279	30,096
District 2 John Deere tractor	08/2012	08/2017	2.19%	38,634		7,525	31,109
District 3 John Deere tractor	08/2012	08/2017	2.19%	37,375		7,279	30,096
Cardia monitor	12/2012	12/2012	3.25%		9,095	5,104	3,991
District 5 John Deere tractor	08/2013	08/2013	2.17%		44,914	709	44,205
Used John Deere tractor	08/2013	08/2013	2.09%		32,500	876	31,624
B. Other Loans:							
Capital improvements loan - factory	12/2008	12/2018	3.00%	415,789		62,249	353,540
Barefoot Carriers loan	08/2011	09/2021	2.00%	150,000		150,000	
911 equipment loan	11/2010	12/2015	2.00%	113,129		27,440	85,689
Total				\$ 1,049,312	86,509	361,043	774,778

The accompanying notes to the Other Information are an integral part of this statement.

BENTON COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2013
UNAUDITED

Name	Position	Company	Bond
Christian Graves Shoup	Supervisor District 1	Greer and White Insurance	\$ 100,000
James Griffin	Supervisor District 2	Greer and White Insurance	100,000
Randy D. Wilburn	Supervisor District 3	Greer and White Insurance	100,000
Jimmy Pipkin	Supervisor District 4	Greer and White Insurance	100,000
Ricky Wayne Pipkin, Sr.	Supervisor District 5	Greer and White Insurance	100,000
Marlene H. McKenzie	Chancery Clerk	Greer and White Insurance	100,000
Cindy Wilson	Comptroller	Greer and White Insurance	100,000
Marlene H. McKenzie	Purchase Clerk	Greer and White Insurance	75,000
Marjorie Jimmerson	Assistant Purchase Clerk	Greer and White Insurance	50,000
Lynette Hudspeth	Receiving Clerk	Greer and White Insurance	75,000
Joe Harris	Assistant Receiving Clerk	Greer and White Insurance	50,000
Alonzo Tucker	Assistant Receiving Clerk	Greer and White Insurance	50,000
Danny Ray Loving	Assistant Receiving Clerk	Greer and White Insurance	50,000
Ronnie Briscoe	Assistant Receiving Clerk	Greer and White Insurance	50,000
Lynette Hudspeth	Assistant Receiving Clerk	Greer and White Insurance	50,000
Margaret Taylor	Assistant Receiving Clerk	Greer and White Insurance	50,000
Collin Mills	Assistant Receiving Clerk	Greer and White Insurance	50,000
Shawanda Caldwell	Assistant Receiving Clerk	Greer and White Insurance	50,000
Cindy Wilson	Assistant Receiving Clerk	Greer and White Insurance	50,000
Cindy Wilson	Inventory Clerk	Greer and White Insurance	75,000
James Williams	Constable	Greer and White Insurance	50,000
Albert Wayne Gadd	Constable	Greer and White Insurance	100,000
Kathy M. Graves	Circuit Clerk	Greer and White Insurance	100,000
Lakeisha Fuller	Deputy Circuit Clerk	Greer and White Insurance	100,000
Albert Arnold McMullen	Sheriff	Travelers Casualty and Surety	100,000
Charles Fortner	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	50,000
Joe Batts	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	50,000
Shane Ward	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	50,000
Janice Fortner	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	50,000
David Murphy	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann.	Greer and White Insurance	50,000
Donna Lindsey	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Greer and White Insurance	50,000
Bobby Dickerson	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Greer and White Insurance	50,000
Randy Hobson	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Greer and White Insurance	50,000
Jackie Stanton	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Greer and White Insurance	50,000
Scott Poff	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Greer and White Insurance	50,000
James Williams (Auxillary)	Sheriff's Deputy (hired under Section 45-5-9 Miss. Code Ann. (1972))	Greer and White Insurance	50,000

BENTON COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2013
UNAUDITED

Name	Position	Company	Bond
Johnny Stanton	Jailor	Greer and White Insurance	\$ 10,000
Perry Colston	Jailor	Greer and White Insurance	10,000
James Couch	Jailor	Greer and White Insurance	10,000
Leon Crawford	Jailor	Greer and White Insurance	10,000
Gary Box	Jailor	Greer and White Insurance	10,000
Stacey Duncan	Jailor	Greer and White Insurance	10,000
Willie Brown	Jailor	Greer and White Insurance	10,000
Brody Lee Childers	Justice Court Judge	Travelers Casualty and Surety Company	50,000
Gary McBride	Justice Court Judge	Greer and White Insurance	100,000
Vicky Everett	Justice Court Clerk	Greer and White Insurance	50,000
Felicia Washington	Deputy Justice Court Clerk	Greer and White Insurance	50,000
Betty Jean Hobson	Tax Assessor/Collector	Travelers Casualty and Surety Company	100,000
Shawanda Hunt Caldwell	Deputy Tax Collector	Greer and White Insurance	50,000
Laura Daniel	Deputy Tax Collector	Greer and White Insurance	50,000
Kenneth P. Geno, Jr.	County Engineer	Travelers Casualty and Surety Company of America	50,000
Collin Mills	Deputy Appraiser	Greer and White Insurance	50,000

BENTON COUNTY

Notes to the Other Information
For the Year Ended September 30, 2013
UNAUDITED

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

(2) Long-term Debt information:

- A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2013, the amount of outstanding debt was less than 1% of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2013, the County issued the following debt obligations:

<u>Issue Date</u>	<u>Interest Rate</u>		<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
11/12/2013	2.19%	\$	38,000	Capital lease	Ad valorem taxes
11/12/2013	2.35%		49,200	Capital lease	Ad valorem taxes

BENTON COUNTY

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BENTON COUNTY

SPECIAL REPORTS

BENTON COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Supervisors
Benton County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Benton County, Mississippi, (the County) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 11, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Benton County, Mississippi's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as 2013-001, 2013-002, 2013-003 and 2013-004 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Benton County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters which we have reported to the management of Benton County, Mississippi, in the Independent Auditor's Report on Central Purchasing System, Inventory Control System and Purchase Clerk Schedules and the Limited Internal Control and Compliance Review Management Report dated July 11, 2014, included within this document.

Benton County's Responses to Findings

Benton County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Benton County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

July 11, 2014



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board of Supervisors
Benton County, Mississippi

Report on Compliance for Each Major Federal Program

We have audited Benton County, Mississippi's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013. Benton County, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Benton County, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Benton County, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Benton County, Mississippi's compliance.

Opinion on Each Major Federal Program

In our opinion, Benton County, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

Report on Internal Control Over Compliance

Management of Benton County, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Benton County, Mississippi's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

July 11, 2014



**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

**INDEPENDENT AUDITOR'S REPORT ON CENTRAL PURCHASING SYSTEM,
INVENTORY CONTROL SYSTEM AND PURCHASE CLERK SCHEDULES
(REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Benton County, Mississippi

We have examined Benton County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2013. The Board of Supervisors of Benton County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Benton County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory control system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The results of our audit procedures disclosed a certain instance of noncompliance with the aforementioned code sections. This instance of noncompliance was considered in forming our opinion on compliance. Our finding and recommendation and your response are disclosed below:

Inventory Control Clerk.

1. Proper inventory records were not maintained.

Finding

Section 31-1-107, Miss. Code Ann. (1972), requires the Inventory Control Clerk to maintain an inventory system. Audit procedures noted that some assets were included in the inventory listing in error and some assets that should have been included were omitted. Failure to ensure proper records are maintained could result in the loss of county assets.

Recommendation

The Inventory Control Clerk should ensure all assets are properly accounted for in the county inventory system.

Inventory Control Clerk's Response

I will comply.

In our opinion, except for the noncompliance referred to in the preceding paragraph, Benton County, Mississippi, complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2013.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

Benton County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended for use in evaluating the central purchasing system and inventory control system of Benton County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Will R. Dooss", with a stylized flourish at the end.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

July 11, 2014

BENTON COUNTY

Schedule 1

Schedule of Purchases Not Made From the Lowest Bidder

For the Year Ended September 30, 2013

Our test results did not identify any purchases from other than the lowest bidder.

BENTON COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2013

Schedule 2

Our test results did not identify any emergency purchases.

BENTON COUNTY

Schedule 3

Schedule of Purchases Made Noncompetitively From a Sole Source
For the Year Ended September 30, 2013

Our test results did not identify any purchases made noncompetitively from a sole source.

BENTON COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
STACEY E. PICKERING
AUDITOR**

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Benton County, Mississippi

In planning and performing our audit of the financial statements of Benton County, Mississippi (the County) for the year ended September 30, 2013, we considered Benton County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Benton County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated July 11, 2014, on the financial statements of Benton County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas that are opportunities for strengthening internal controls and operating efficiency. Our finding, recommendation, and your response are disclosed below:

Sheriff.

Inadequate controls over cash collection and disbursement functions exist in the Sheriff's office.

Finding

An effective system of internal control should include the maintenance and reconciliation of records documenting cash collections. As reported in the prior three years' audit reports, controls were inadequate over cash. The following deficiencies were noted:

- a. Collections were not deposited on a timely basis.
- b. The cash journal was not reconciled to the bank statement.

The failure to implement adequate controls over depositing collections on a timely basis and reconciling the cash journal to the bank statement could result in inaccurate reporting, incomplete settlements and the increased possibility of the loss or misappropriation of public funds.

Recommendation

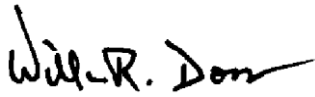
The Sheriff should ensure that funds are deposited on a daily basis and that cash journals are reconciled monthly to the bank statements.

Sheriff's Response

I will comply.

Benton County's response to the finding included in this report was not audited, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Will R. Doss". The signature is written in a cursive, slightly slanted style.

WILLIAM R. DOSS, CPA
Director, Financial and Compliance Audit Division

July 11, 2014

BENTON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

BENTON COUNTY

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BENTON COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | Unmodified |
| 2. | Internal control over financial reporting: | |
| a. | Material weaknesses identified? | Yes |
| b. | Significant deficiencies identified? | None Reported |
| 3. | Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified? | None Reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| 6. | Any audit finding(s) disclosed that are required to be reported in accordance with Section ____510(a) of OMB Circular A-133? | No |
| 7. | Identification of major programs: | |
| a. | Schools and roads – grants to states, CFDA #10.665 | |
| b. | Home investment partnerships program, CFDA #14.239 | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

BENTON COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Section 2: Financial Statement Findings

Chancery Clerk.

Material Weakness

2013-001. Cash collection and disbursement functions over accounting functions not adequately segregated.

Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior three years' audit reports, observations revealed that there is not an adequate separation of duties in the accounting functions. The bookkeeper receipts all funds, makes deposits, enters receipts into the system, reconciles the bank statements, and prepares and prints disbursements. The Chancery Clerk and the Board of Supervisors only review the cash disbursements made and the Chancery Clerk also reviews the bank reconciliations. Failure to have an adequate separation of duties could result in the loss of public funds due to the mishandling of funds.

Recommendation

Accounting functions involving receipting and disbursing of funds, recording transactions and reconciling accounts should be performed by different people or reviewed by someone not completing the duties.

Chancery Clerk's Response

I will comply.

Circuit Clerk.

Material Weakness

2013-002. Cash collection and disbursement functions are not adequately segregated in Circuit Clerk's office.

Finding

An effective system of internal control should include an adequate separation of duties. As reported in the prior three years' audit reports, cash collection and disbursement functions are not adequately separated for effective internal control. The Circuit Clerk receipts collections, makes deposits, calculates the monthly settlements, posts the cash journal, reconciles the bank statement and disburses all funds. Failure to have adequate separation of duties could result in the loss of public funds.

Recommendation

The Circuit Clerk should implement a system for review of the accounting records by another person.

Circuit Clerk's Response

I will comply.

BENTON COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Tax Assessor-Collector.

Material Weakness

2013-003. Cash collection and disbursement functions in the Tax Assessor-Collector's office are not adequately segregated.

Finding

An effective system of internal control over tax collections should include an adequate segregation of duties and the maintenance of the legislative tag credit receivable column in the cash journal. Cash collection, recording, and reconciling functions were not adequately segregated for effective internal control. The following deficiencies were noted:

- a. As reported in the prior three years' audit reports, the Tax Assessor-Collector collected money using another deputy clerk's drawer as well as performed recording and disbursing functions.
- b. As reported in the prior three years' audit reports, the Tax Assessor-Collector did not have anyone review the bank reconciliation when she completed it.
- c. As reported in the prior three years' audit reports, the Tax Assessor-Collector did not carry the legislative tag credit receivable balance forward from month to month.

Failure to implement adequate controls over the collection, recording and reconciling functions could result in the loss of public funds.

Recommendation

The Tax Assessor-Collector should ensure that there is an adequate segregation of duties in the collecting, recording and reconciling functions. She should also ensure that the legislative tag credit receivable column is properly maintained in her cash journal.

Tax Assessor-Collector's Response

I will comply.

Justice Court Clerk.

Material Weakness

2013-004. Cash collection and disbursement functions in the Justice Court Clerk's office are not adequately segregated.

Finding

An effective system of internal control should include an adequate separation of duties. As reported in the three prior years' audit reports, cash collection and disbursement functions in the Justice Court office were not adequately separated for effective internal control. The Justice Court Clerk has access to collections, prepares and makes bank deposits, prepares the daily check-up sheets, reconciles the bank statements, posts to the cash journal, makes monthly settlements and writes checks for all disbursements. Failure to have an adequate separation of duties could result in the loss or misappropriation of public funds.

BENTON COUNTY

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2013

Recommendation

The Justice Court Clerk should take steps to ensure that there is an adequate segregation of duties in the collection and disbursement functions of the Justice Court office or that there is external oversight over operations of the Justice Court office.

Justice Court Clerk's Response

I will comply.

Section 3: Federal Award Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to federal awards.